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SUBJECT: COMMITTEE ON FINANCIAL MARKETS MEETING JULY 1973

DEPT PASS FRB FOR PRTEE, TREASURY FOR KORP

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(H) CMF (73)8 (I) CMF WORKING DOCUMENT NO. 1 OF JULY 10, 1973

(J) C(71)234 FINAL

1. SUMMARY. DURING MEETING JULY 10-11, 1973 COMMITTEE ON FINANCIAL MARKETS (CFM) DEVOTED GREATEST ATTENTION TO RECENT DEVELOPMENTS AND PROSPECTS FOR LONG-TERM FINANCIAL MARKETS. IT NOTED CONTINUING INVERSE RELATIONSHIP BETWEEN SHORT-TERM AND LONG-TERM INTEREST RATES AND CONTINUING RESTRICTIVE MONETARY POLICY IN MAJOR COUNTRIES. DELS SHOWED KEEN INTEREST IN U.S. PLANS TO ELIMINATE OUTWARD CAPITAL RESTRICTIONS IN 1974. CFM REQUESTED SECRETARIAT TO PREPARE REPORT ON INTERNATIONAL SECURITY ISSUES, DECIDED TO POSTPONE FURTHER WORK ON LINKAGE OF NATIONAL CAPITAL MARKETS, AGREED TO RECOMMEND PUBLICATION OF REPORT ON INDEXATION OF FIXED INTEREST SECURITIES, AGREED

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TO MANDATE REQUESTED BY WP ON ADMISSION OF SECURITIES AND

ASKED WP ON STANDARD RULES TO PREPARE REPORT FOR SUBMISSION TO COUNCIL. NEXT MEETING CFM SCHEDULED FOR NOV 15-16, 1973. ACTION REQUESTED: U.S. RESPONSE TO QUESTIONS NOTED PARA 14. END SUMMARY.

2. LONG-TERM FINANCIAL MARKETS. DISCUSSION THIS ITEM DREW ON BACKGROUND IN REF (B) AND INCLUDED STATEMENTS FROM U.S., GERMANY, U.K., FRANCE, DENMARK, JAPAN, SWITZERLAND, ITALY. U.S. DEL MADE POINTS REF (:) WHICH ELICITED QUESTIONS CONCERNING EXTENT TO WHICH U.S. MONETARY POLICY AIMED AT ACHIEVING SOME REAL RATE OF RETURN TO INVESTORS (SAVERS) IN FACE OF RAPID RATES OF INFLATION. STATEMENTS BY SEVERAL OTHER COUNTRY DELS LED TO DISCUSSION OF EXTENT TO WHICH MONETARY AUTHORITIES CAN INFLUENCE INTEREST RATES INDEPENDENTLY OF DOMESTIC AND INTERNATIONAL TRENDS IN DEMAND FOR FUNDS AND ROLE OF INFLATIONARY PREMIUM IN DETERMINING NOMINAL INTEREST RATES AND REAL YIELDS. U.S. DEL INDICATED HIS AUTHORITIES ARE CURRENTLY SEEKING TO KEEP MONETARY GROWTH AT MODERATE LEVELS SO THA INTEREST RATES ARE LARGELY RESULT OF POLICIES OPERATING ON MONETARY AGGREGATES, RATHER THAN POLICIES HAVING OBJECTIVE OF ACHIEVING SPECIFIC NOMINAL INTEREST RATES. THIS DOES NOT MEAN THAT DURING SOME PERIODS POLICY MAY NOT PAY SOMEWHAT MORE ATENTION TO INTEREST RATES AS SUCH. SWISS DEL NOTED HIS AUTHORITIES SEEK TO MAINTAIN LOW INTEREST RATES EVEN IN FACE OF HIGH INFLATION RATES BY STRICT CONTROLS OVER BORROWING. FRENCH DEL INDICATED HIS GOVERNMENT SENSITIVE TO DESIRE OF SAVERS FOR ADEQUATE RATE OF RETURN IN FACE OF INFLATION AND THAT RATE HAS RISEN SUFFICIENTLY IN FRANCE TO RESULT IN INCREASE IN RATE OF SAVINGS. FRENCH POLICY ALSO RELATED TO NEED TO AVOID ANY UNDUE INFLOW OF CAPITAL. ITALIAN DEL NOTED HIS AUTHORITIES CONTROL CREDIT MARKET MAINLY BY MEANS OTHER THAN USE OF INTEREST RATES, THAT BANKING SYSTEM IN INDUCED (E.G., THROUGH MANIPULATION RESERVE REQUIREMENTS) TO ABSORB ITS QUOTA OF PUBLIC DEBT ISSUES. NETHERLANDS DEL SUGGESTED LONG-TERM RATES INCREASINGLY WERE DETERMINED LESS BY SUPPLY AND DEMAND RELATIONSHIPS THAN BY "LEVEL" RELATIONSHIPS BETWEEN INTEREST RATES AND THE CURRENT RATE OF INFLATION. CFM FELT THIS RELATIONSHIP ONLY ONE OF EXPLANATORY FACTORS UNDERLYING SUPPLY AND DEMAND FOR FUNDS IN DETERMINING INTEREST RATE LEVELS. IT COULD BE EXPECTED TO INDUCE SHIFTS IN EITHER SUPPLY OR DEMAND CURVE OR BOTH. LIMITED OFFICIAL USE

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SECRETARIAT (HACKETT) SUMMARIZED GENERAL DISCUSSION BY SUGGESTING THAT GOVERNMENTS WERE IN FACT FORCED TO RECOGNIZE THAT EFFORT TO MAINTAIN INTEREST RATES AT ARTIFICIALLY LOW LEVELS DURING PERIODS OF STRONG INFLATION HAS UNFORTUNATE RESULTS.

3. OTHER COUNTRY STATEMENTS ON CURRENT POLICY. GERMAN: RESTRICTIONARY MONETARY POLICY WILL CONTINUE, WITH SHORT-TERM RATES PERHAPS RISING SOMEWHAT FURTHER, WHILE LONG-TERM RATES

HAVE PROBABLY ALREADY PEAKED OUT. HE NOTED LIQUIDITY SHORTAGE OF BANKS AND FALL IN GERMAN SAVINGS RATIO FROM 14.5 TO 13 PERCENT IN FIRST QUARTER, AND INDICATED THAT SECOND STABILITY ISSUE (5YEAR-10 PERCENT) WOULD PROBABLY BE FLOATED IN JULY. HE ALSO ACKNOWLEDGED THAT TO SOME EXTENT THESE STABILITY ISSUES COULD BE CAUSING SOME BANK DISINTERMEDIATION. WITH REGARD TO QUESTION PAGE 4 REF (B) ON DEVELOPMENT GRAY MARKET FOR DM BONDS, HE ACKNOWLEDGED THAT SOME "SUITCASE TRANSACTIONS" (PHYSICAL EXPORT AND SALE ABROAD OF GERMAN SECURITIES) MAY BE OCCURRING, BUT THESE WERE NOT FELT TO BE IMPORTANT. HE SUGGESTED REASON FOR LARGE DIFFERENTIAL BETWEEN GERMAN DOMESTIC BONDS AND DM BONDS ABROAD WAS DUE TO EXCLUSION OF FOREIGNERS FROM DOMESTIC MARKET AND ALSO TO NET SALE OF DOMESTIC BONDS BY BANKS DURING THE JANUARY-APRIL PERIOD.

U.K.: LONG-TERM RATES HAVE RECENTLY INCREASED SIGNIFICANTLY SO THAT THEY ARE NOW ABOVE SHORT-TERM RATES, ALTHOUGH SHORT-TERM RATES EXPECTED TO RISE FURTHER. YIELD CURVE ON GILTS WHICH HAD BEEN FLAT IS NOW LOWER ON SHORT END AND HIGHER ON LONG END, FACILITATING SALE GOVERNMENT SECURITIES. U.K. AUTHORITIES INCREASINGLY WORRY ABOUT FACT THAT U.K. RATES ARE NOW SOMEWHAT LOWER THAN THOSE ELSEWHERE.

FRANCE: SHORT-TERM RATES NOW SLIGHTLY ABOVE LONG-TERM RATES IN FRANCE, ALTHOUGH MAJOR FIRMS GENERALLY CONTINUE TO BORROW AT SHORT-TERM RATES ROUGHLY EQUIVALENT TO LONGER-TERM RATES. ALSO INDICATED BANK OF FRANCE HAS MODIFIED ITS MECHANISM FOR SUPPLYING BANKS WITH LIQUIDITY (NO DETAILS).

JAPAN: UPWARD TREND IN INTEREST RATES EXPECTED TO CONTINUE FOR REST OF 1973, WITH BONDS NOW UP TO ROUGHLY 7.5 PERCENT. SECRETARIAT CONCLUDED FROM ABOVE DISCUSSION THAT PHENOMENON OF INVERSE RELATIONSHIP BETWEEN SHORT-TERM AND LONG-TERM LIMITED OFFICIAL USE

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RATES CONTINUES. IN PAST THIS SITUATION IN U.S. HAS SIGNALLED INCREASED EXPECTATIONS BY BORROWERS OF TURNAROUND THESE RELATIONSHIPS. CFM REACHED NO CONCLUSION ON WHETHER THIS CURRENTLY PROBABLE.

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4. STRUCTURAL DEVELOPMENTS IN INTERNATIONAL CAPITAL LOAN MARKET. CFM DISCUSSED QUESTION WHETHER RECENT SHIFT FROM INTERNATIONAL BOND ISSUES TO MEDIUM-TO-SHORT TERM BANK LOAN WAS PERMANENT STRUCTURAL CHANGE AND ALSO WHETHER THERE WAS POSSIBLE DETERIORATION IN ASSET LIABILITY STRUCTURE OF BANK LOAN MARKET. U.K. DEL SUGGESTED RAPID EXPANSION THIS SECTOR PAST YEAR DUE TO INTENSE ACTIVITY BY SEVERAL NEW U.S. AND JAPANESE BANKS LOCATED IN LONDON STIMULATING ACTIVITY IN SYNDICATED BANK LOAN MARKET. HE NOTED THAT HERE IS SOME FEELING THAT LOAN QUALITY AND MATURITY RELATIONSHIPS ARE DETERIORATING, AS POINTED OUT LAST PARAGRAPH PAGE 4 REF (B). HOWEVER, HE BELIEVED THERE WOULD NOT BE MUCH RISK OF DISRUPTIVE CHAIN REACTION DUE FAILURE OF LOANS, ESPECIALLY AS WHOLE EURODOLLAR MARKET IS SUPPORTED BY U.S. BANKING SYSTEM. HE ALSO NOTED THERE HAS BEEN SIGNIFICANT LOWERING OF COMMISSIONS, BUT HE FELT MARGINS WOULD PROBABLY NOT GO BELOW HALF PERCENT. U.S. DEL SUGGESTED CFM NOT DRAW OVER-HASTY CONCLUSIONS ABOUT PERMANENCY OR RISKS OF SHIFT FROM BONDS TO BANK LOANS, POINTING OUT THAT IN PERIOD OF EXCHANGE AND INTEREST RATE UNCERTAINTY IT IS NATURAL FOR BORROWERS TO RESORT TO BANK LOANS, WHICH HAVE CONSIDERABLY GREATER FLEXIBILITY (CALL AND PUT OPTIONS, ETC.) FOR BOTH LENDER AND LIMITED OFFICIAL USE

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BORROWER THAN STRAIGHT BOND ISSUES. HE ALSO NOTED THAT U.S. CORPORATIONS HAVE EVIDENTLY BEEN AVOIDING LONG-TERM EURODOLLAR BORROWING BECAUSE FDIP EXPECTED TO BE DISCONTINUED 1974.

5. JAPANESE DEL INDICTED LISTING FOREIGN SECURITIES ON

TOKYO AND OSAKA EXCHANGES UNDER NEW ORDINANCE WILL TAKE PLACE FALL 1973 AND NOTED THAT LIBERALIZATION FOR INSTITUTIONS FOR COLLECTIVE INVESTMENT (ICI) HAS LED TO SALES OF ROUGHLY \$125 MILLION BY SIX MUTUAL FUNDS IN JAPAN (THREE U.S., ONE CANADIAN, ONE SWISS, ONE LUXEMBOURG, WITH ANOTHER U.S. MUTUAL EXPECTED SHORTLY). IN FIRST HALF YEAR THIS AMOUNTED TO 10 PERCENT TOTAL ICI SHARES SOLD IN JAPAN.

6. U.K. PUBLIC AUTHORITY BORROWING ABROAD. U.K. DEL RESPONDED QUESTIONS PAGE 5 REF (B) BY INDICATING MAIN REASON FOR GRANTING EXCHANGE COVER GUARANTEE WAS TO INDUCE PUBLIC AUTHORITIES TO BORROW ABROAD AS MEANS OF HELPING TO COVER U.K. CURRENT ACCOUNT DEFICIT. BORROWING WAS CONSIDERED USEFUL EXPEDIENT, WITH NO TOTAL FIGURE IN MIND, AND WAS ALLOWED ONLY IN U.S. DOLLARS. HE ACKNOWLEDGED THAT MOST DOLLARS RECEIVED HAD BEEN SOLD BY BORROWERS TO BANK OF ENGLAND, WHICH HAD USED THEM MAINLY TO INCREASE RESERVES. THESE HOLDINGS WERE NOW EARNING SUBSTANTIAL INTEREST RETURN AND THEREFORE SIGNIFICANTLY REDUCED OVERALL COST OF FOREIGN BORROWING AND OF MAINTAINING EXCHANGE GUARANTEE. IN RESPONSE TO QUESTION FROM U.S. DEL, U.K. DEL INDICATED COST OF FOREIGN EXCHANGE COVER GUARANTEE RELATED TO DIFFERENTIAL BORROWING COST. IF FOREIGN RATE 2 PERCENT BELOW DOMESTIC, HALF OF DIFFERENCE GOES TO GOVERNMENT. U.K. DEL ALSO NOTED THAT WHEREAS COVERED BORROWING AMOUNTED TO ONLY 100 MILLION POUNDS STERLING WHEN AUTHORIZED EARLIER PERIOD, MOST RECENT BORROWING HAS TOTALED AS MUCH AS 500 MILLION POUNDS IN SHORT PERIOD. HOWEVER, HE ALSO NOTED THAT THERE HAD BEEN SIGNIFICANT REDUCTION IN INTEREST RATE ADVANTAGE IN LAST FEW MONTHS, THUS AMOUNT OF THIS BORROWING TAPERING OFF.

7. LINKAGE BETWEEN U.S. AND FOREIGN FINANCIAL MARKETS.

CFM DISCUSSION AGENDA ITEM 4B EVIDENCED GREAT INTEREST ON PART OF COMMITTEE CONCERNING U.S. PLANNING FOR ABOLITION CONTROL PROGRAMS IN 1974. MEMBERS ESPECIALLY INTERESTED QUESTION OF EXTENT TO WHICH PROGRAMS WOULD BE ABOLISHED IN ABSENCE LIMITED OFFICIAL USE

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OF IMPROVED BALANCE OF PAYMENTS PERFORMANCE. SWISS DEL REFERRED TO MARCH 16 MINISTERIAL COMMUNIQUE SUGGESTION THAT IT WOULD BE APPROPRIATE FOR CFM TO REMIND U.S. OF IMPORTANCE OF KEEPING THIS POLICY ASSERTION IN MIND (SEE PARA 6 REF D). SECRETARIAT AND MEMBERS WONDERED IF U.S. HAD INFORMATION CONCERNING IMPACT OF PROGRAMS AND POSSIBLE IMPACT THEIR REMOVAL OTHER THAN INFORMATION ALREADY SUPPLIED REF (D). U.S. DEL INDICATED HE HAD SUPPLIED LATEST INFORMATION, AND ALSO INDICATED THAT U.S. POLICY CONTINUED TO REST ON SECRETARY SHULTZ' FEBRUARY 12 STATEMENT AND MARCH COMMUNIQUE. NO SPECIFIC STEPS AS TO MODE OF PHASING OUT PROGRAMS HAD BEEN TAKEN, BUT CLEAR THAT POLICY IS TO TERMINATE PROGRAMS BY END 1974. SECRETARIAT RAISED QUESTION

OF POSSIBILITY OF ELIMINATION OF U.S. WITHHOLDING TAX ON
INCOME RECEIVED FROM U.S. SOURCES BY FOREIGNERS. U.S. DEL
NOTED PRESENT RATE OF 30 PERCENT WAS ALREADY REDUCED BY
TREATY IN MANY CASES. AT MOMENT THERE IS NO OFFICIAL U.S.
VIEW ON PROPOSALS TO ELIMINATE WITHHOLDING TAX. IMPORTANT
QUESTIONS TO CONSIDER THIS REGARD INCLUDE IMPACT ON EXISTING
DOUBLE TAX TREATIES AND PROBLEMS IN EVALUATING IMPACT OF CHANGE,
SINCE WITHHOLDING TAX ALREADY LOW FOR MOST MAJOR INVESTORS.
H ASKNOWLEDGED THERE ARE NO DOUBLE TAXATION TREATIES FOR
CERTAIN IMPORTANT AREAS SUCH AS MIDDLE EAST. SECRETARIAT
POINTED TO SIGNIFICANT DIFFERENCE BETWEEN LEGISLATED ZERO
RATE AND ZERO RATE NEGOTIATED UNDER DOUBLE TAX TREATY,
SINCE IN LATTER CASE INVESTOR REQUIRED TO REVEAL IDENTITY
IN ORDER TO BENEFIT FROM TAX EXEMPTION. RESPONDING TO VARIETY
OF QUESTIONS CONCERNING POSSIBLE CONSEQUENCES OF ELIMINATION
U.S. CAPITAL CONTROLS, U.S. DEL NOTED SUBSTANTIAL AGREEMENT
WITH MANY ASPECTS OF QUALITATIVE ANALYSIS MADE BY
SECRETARIAT IN REF (D). HOWEVER, HE SUGGESTED REPORT
INCOMPLETE IN FAILING TO PLACE EFFECTS OF TERMINATION OF CONTROLS
IN CONTEXT MORE GENERAL EFFECTS ON CAPITAL FLOWS BETWEEN
U.S. AND MAJOR COUNTRIES WHICH COULD BE EXPECTED TO RESULT
FROM CUMULATIVE EXCHANGE RATE CHANGES. HE ALSO SUGGESTED
PARA 23 REF (D) BE AMENDED TO NOTE THAT ABSENCE OF FORMAL
RESERVE REQUIREMENTS ON EURODOLLAR LENDING LOWERS COSTS THAT
MARKET.

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8. AUSTRALIAN DEL SUGGESTED THAT NEW INSTITUTIONAL ARRANGEMENTS EFFECTING LOCAL AND INTERNATIONAL BORROWING BY U.S. CORPORATIONS WOULD ALSO MODERATE BALANCE OF PAYMENTS EFFECT REMOVAL U.S. CAPITAL CONTROLS. NETHERLANDS DEL INDICATED HE SAW SOME TURNAROUND IN INVESTMENT FLOWS TOWARD U.S., WITH DUTCH INVESTORS ESPECIALLY INTERESTED IN MOVING BACK INTO U.S. EQUITIES. HE WONDERED IF U.S. AUTHORITIES THOUGHT U.S. WOULD BECOME NET CAPITAL IMPORTER AND ALSO IF INCREASED INWARD FLOW OF INVESTMENT MIGHT LEAD TO SOME DETERIORATION IN U.S. INVESTMENT CLIMATE FOR FOREIGNERS. U.S. DEL SOUGHT TO REASSURE CFM MEMBERS ON CONTINUED FAVORABLE ATTITUDE TOWARD FOREIGN INVESTMENT IN U.S.

9. INTERNATIONAL SECURITY ISSUES (AGENDA ITEM 5). SECRETARIAT INDICATED REPLIES HAD BEEN RECEIVED FROM 13 COUNTRIES IN RESPONSE TO COMMITTEE QUESTIONNAIRE, AND PROPOSED THAT REMAINDER BE SUBMITTED AS RAPIDLY AS POSSIBLE SO THAT SECRETARIAT COULD STUDY REPLIES AND PREPARE REPORT. THIS WILL BE ON AGENDA FOR NEXT MEETING.

10. LINKAGE NATIONAL CAPITAL MARKETS. SECRETARIAT POINTED OUT THAT QUESTIONNAIRE METHOD USED TO STUDY THIS QUESTION LIMITED OFFICIAL USE

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HAD BEEN NO MORE SUCCESSFUL THAN ECONOMETRIC METHODS USED EARLIER, POSSIBLY BECAUSE QUESTIONS WERE MISUNDERSTOOD. COUNTRIES RESPONDED PRIMARILY WITH DESCRIPTIONS OF REGULATIONS CONCERNING CAPITAL FLOWS BUT NOT WITH ESTIMATES CONCERNING VOLUME OR EXTENT OF LINKAGE OF DIFFERENT SECTORS OF THEIR MARKETS. HE NOTED U.S. DATA CONSIDERABLY BETTER THIS RESPECT IN BREAKING DOWN CATEGORIES OF U.S. MARKETS BY DEGREE OF FOREIGN LINKAGE. CFM AGREED TO STRONG SECRETARIAT SUGGESTION THAT FOR TIME BEING WORK ON THIS ISSUE BE SET ASIDE. U.S. DEL INDICATED REGRET THAT EXAMINATION HAD NOT BEEN MORE FRUITFUL AND THAT HIS AUTHORITIES STILL FEEL QUESTION IS CONCEPTUALLY SIGNIFICANT, ALTHOUGH WITH LACK OF APPROPRIATE DATA RESULTS CANNOT BE OBTAINED AT THIS TIME. HOWEVER, HE FELT THAT SYNOPSIS PRESENTATION IN REF (E) OF INFORMATION GATHERED THUS FAR WOULD SERVE AS USEFUL REFERENCE.

1. INDEXATION FIXED INTEREST SECURITIES. SEVERAL DELS (U.K., GERMAN, U.S.) PROPOSED AMENDMENTS TO REF (F) AND ADDENDUM WHICH WERE AGREED TO BY CMF. MOST FELT IT NOW REASONABLY BALANCED DOCUMENT. GERMAN DEL MADE STRONG STATEMENT EXPLAINING BUNDESBANK'S NEGATIVE ATTITUDE ON INDEXATION (ADDENDUM REF (F)). BASICALLY, GERMAN AUTHORITIES

BELIEVE ANY USE OF INDEXED SECURITIES WOULD RAPIDLY LEAD TO EXCESSIVELY WIDESPREAD USE OF INDEXATION, WOULD FEED INFLATIONARY TENDENCIES, AND WOULD SUGGEST THAT GOVERNMENT FELT IT WOULD BE UNSUCCESSFUL IN FIGHT AGAINST INFLATION. IT WAS NOTED THAT U.K. GOVERNMENT HAS AGREED TO PUBLICATION OF PAGE COMMITTEE REPORT WHICH FAVORS SOME MODERATE INDEXATION OF CERTAIN TYPES OF LOANS IN ORDER TO HELP SMALL SAVERS. CFM INSTRUCTED SECRETARIAT TO PREPARE FINAL REPORT TO COUNCIL WHICH WILL RECOMMEND TO COUNCIL THAT REPORT BE BROUGHT TO ATTENTION OF MEMBER GOVERNMENTS AND BE DERESTRICTED AND PUBLISHED SOON AS POSSIBLE. CHAIRMAN SUGGESTED THAT CFM MAY WISH TO RETURN TO QUESTION OF INDEXATION WHEN FURTHER INFORMATION IS AVAILABLE.

12. HOUSING UNDER FINANCIAL RESTRAINT. SECRETARIAT SUGGESTED MAJOR PROBLEM FOR MORTGAGE MARKET IS THAT TIGHT MONEY POLICY, WHICH MAY BE APPROPRIATE FOR SOME PORTIONS LIMITED OFFICIAL USE

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OF ANY ECONOMY, MAY OCCUR AT WRONG TIME FOR HOUSING MARKET. IT STRONGLY SUGGESTED THAT GOAL IN HOUSING MARKET WOULD BE TO ELIMINATE CYCLICAL SWINGS ENTIRELY SO AS TO ACHIEVE GREATER EFFICIENCY AND LOWER COSTS. DUTCH DEL SUGGESTED WP LOOK FURTHER INTO QUESTION OF MORTGAGE MARKETS, AND ESPECIALLY POSSIBILITY DEVELOPMENT OF SECONDARY MARKET TO REDUCE ILLIQUIDITY THIS FORM OF FINANCING. ITALIAN DEL SUGGESTED NEED FOR FURTHER STUDY OF LAGS BETWEEN CHANGES IN MONETARY POLICY AND IMPACT ON MORTGAGE MARKETS. SECRETARIAT NOTED DIFFICULTY THIS EFFORT DUE TO LACK OF ADEQUATE QUARTERLY DATA MOST COUNTRIES. CFM AGREED TO NOTE WP REPORT REF (G) AND ASK WP TO CONTINUE WORK WITH EXPECTATION THAT BROADER SET OF REPORTS WOULD BE AVAILABLE BY SPRING 1974 WHICH COULD THEN BE CONSOLIDATED IN REPORT TO COUNCIL.

13. ADMISSION OF SECURITIES TO STOCK EXCHANGES. MOST DELS FAVORED IMMEDIATE ACCEPTANCE REF (H) AND AGREED TO PROPOSALS IN PARAS 61 AND 63 THROUGH 66. US DEL, SUPPORTED BY SWISS DEL, SUGGESTED THAT EFFORT TO STUDY EFFICIENCY OF MARKET ORGANIZATION AND DEVELOP MODEL FORMULA FOR SELF-REGULATORY ASPECT WAS VERY COMPLEX AND HOPED THIS WOULD NOT HOLD BACK WORK IN OTHER AREAS. CHAIRMAN ASKED SECRETARIAT TO SO INFORM WP. CFM DIRECTED SECRETARIAT TO RECORD ITS POSITION THIS MATTER IN SUMMARY RECORD AND PREPARE PAPER WHICH WOULD BE FORWARDED TO WP FOR ITS INSTRUCTION.

14. STANDARD RULES. CFM REQUESTED THAT MEMBER COUNTRIES SUBMIT RESPONSES INFORMATION REQUESTED PARA 3 REF (I)

NO LATER THAN OCT 15, 1973 AND DIRECTED ITS WP-3 ON
STANDARD RULES FOR INSTITUTIONS FOR COLLECTIVE INVESTMENT
TO REVIEW THESE SUBMISSIONS AND TO PREPARE REPORT TO
COUNCIL ON IMPLEMENTATION OF COUNCIL RECOMMENDATION OF
APRIL 11, 1972 CONTAINED REF (J).

15. OTHER BUSINESS. SECRETARIAT NOTED THAT STUDY ON
INTERNATIONAL MEDIUM-TERM BANK LOANS BY CONSULTANT
SIDNEY ROLFE (AGENDA ITEM 10) WAS NOT YET FINISHED. CFM
SET NOV 13-14, 1973 FOR NEXT MEETING, NOTING THAT WG ON
HOUSING FINANCE TENTATIVELY SCHEDULED TO MEET NOV 15-16.
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